BEFORE THE

Federal Communications Commission

WASHINGTON, D.C.

In the matter of	)	
	)	
International Settlements Policy Reform	)	IB Docket No. 02-324
International Settlement Rates	)	IB Docket No. 96-261
	)	

REPLY COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint"), by its attorneys, hereby submits its reply comments in the above-captioned proceeding regarding the removal of the International Settlement Policy ("ISP") from certain routes deemed to be compliant with the Commission's benchmark rates policy.[1] Sprint addresses below the comments of International Access, Inc. ("Access") and urges the Commission to remove the ISP from the United States-Philippines route.

The concerns of Access stem from the Commission's actions taken in response to the alleged "whipsawing" by Philippine carriers, including blocking of circuits, of U.S. carriers terminating traffic in the Philippines, after a dispute over an increase in settlement rates.[2] Among those actions were the removal of the Philippines from the list of countries approved for International Simple Resale ("ISR") arrangements and the reapplication of the ISP's enforcement mechanisms with regard to agreements between U.S. and Philippines carriers. Access argues that

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[1] *See* Public Notice, DA 04-1585 (rel. May 28, 2004).

[2] AT&T Corp. Emergency Petition for Settlements Stop Payment Order and Request for Immediate Interim Relief, 18 FCCR 3519 (2003), *aff'd* FCC 04-112 (rel. June 4, 2004).

because no U.S. carrier has filed with the Commission a final settlement agreement that complies with the strict requirements of the ISP, the Commission cannot be assured that termination rates negotiated under interim settlement arrangements are benchmark-compliant and non-discriminatory, and thus the ISP should not be removed from the United States-Philippines route.

Sprint disagrees. The policy decision before the Commission in this rulemaking proceeding should be driven by the outcome that would most benefit U.S. consumers, not what would aid a single U.S. carrier in its pursuit of market intelligence. The failure to remove the ISP from the U.S.-Philippines route at this juncture would be a step backward from the positive developments of recent months. Whatever the merits of the positions taken by the parties in the Philippines "whipsawing" proceeding and the enforcement actions taken by the Commission in response to the petitions from U.S. carriers, that recent history must be viewed in the context of the current circumstances of U.S.-Philippines carrier relations. The current state of the market for U.S.-Philippines traffic has in many ways returned to that existing before the "whipsawing" complaints, albeit at somewhat higher rate levels. Sprint believes that removal of the ISP would enhance competition among U.S. carriers <u>and</u> among Philippines carriers and, barring any return to collective price-setting activities, will facilitate a path toward cost-based rates. In the event that anti-competitive activity on the Philippines route is initiated at some future date, the Commission can take the necessary action to deal with such activity, including the reimposition of the ISP's strict requirements.

Sprint can certify that the interim rates under which its traffic to the Philippines is settled are under the Commission's benchmark rate of $0.19 a minute, including rates for traffic destined for termination on mobile networks. Most of the traffic is settled at rates well below the benchmark. Tellingly, no U.S. carrier, including Access, has informed the Commission that any

Philippines carrier has proposed a settlement rate above the benchmark. Moreover, as an active participant in the market for termination of traffic from the United States to the Philippines, Sprint has detected no evidence of unreasonable price discrimination against any U.S. carrier in that market. If the Commission were to require that the current interim arrangements must be abandoned in favor of a uniform, publicly-disclosed settlement rate, Sprint believes the result would be an overall net increase in termination costs, with a corresponding detrimental effect on the rates charged to U.S. consumers.

Therefore, for the reasons given above, Sprint respectfully requests that the Commission remove the International Settlements Policy from the United States-Philippines route.

Respectfully submitted,

SPRINT CORPORATION

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